

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 EUR-25 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-03 PRS-01 USIA-12 INRE-00 RSR-01

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P 262002 Z MAR 73

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC PRIORITY 6239

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PASS OPIC

E. O. 11652: N/A

TAGS: ETRD, EGEN, HA

SUBJECT: TORTUGA CONCESSION IN JEOPARDY

REFS: A. PORT AU PRINCE A-22, 2/16/72

B. PORT AU PRINCE 0311, 3/11/72

C. PORT AU PRINCE 1042, 8/16/72

1. THE LEGAL TROUBLES OF DON PIERSON AND DUPONT CARIBBEAN, TORTUGA ISLAND DEVELOPMENT CONCESSION- HOLDER, ARE OUT IN THE OPEN. THE SEMI- OFFICIAL LE NOUVEAU MONDE CARRIED A FRONT- PAGE EDITORIAL ON MARCH 24 COMMENTING ON GOH- INITIATED LEGAL ACTION TAKEN EARLIER THIS MONTH TO SUSPEND ALL OF PIERSON' S AND DUPONT CARIBBEAN' S ACTIVITIES UNTIL SUCH TIME AS THE CONCESSION- HOLDER QTE SHOWS PROOF THAT IT HAS FULFILLED ITS OBLIGATIONS TO THE (HAITIAN) STATE UNQTE. THE PROVISIONAL INJUNCTION WAS ISSUED MARCH 8 WITH NO RPT NO PUBLICITY UNTIL THE NOUVEAU MONDE ARTICLE APPEARED, ACCORD- ING TO WHICH GOH FINANCE SECRETARY FRANCISQUE AND JUSTICE SECRETARY FORTUNE SUBSEQUENTLY, ON MARCH 23, FLEW TO TORTUGA

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BY HELICOPTED TO GIVE LEGAL EFFECT TO THE SUSPENSION ORDER. THE ARTICLE PRAISES THE ACTION AND LAUDS PRESIDENT DUVALIER' S

VIGILANT DEFENSE OF THE NATIONAL INTEREST IN THIS CASE, NOTING THAT OTHER BENEFICIARIES OF SUCH CONTRACTS WOULD DO WELL TO BE AWARE THAT TO BE FOUND AND DEVELOPED TO ASSURE PRODUCTION LEVELS REQUIRED DURING THE 1980' S. THESE DELEGATES STRESSED NEED TO STUDY LONGER TERM PROBLEMS, I. E. TO 1985 AND BEYOND, BUT ULTIMATELY ACKNOWLEDGED THAT MANDATE OF AD HOC GROUP LIMITED TO 1980.

3. WEST GERMANY AND ITALY SOUGHT RECOGNITION IN REPORT OF NEED TO ACCOMMODATE THE NATIONAL OIL COMPANIES OF CONSUMING STATES AND OF THE NEED FOR AN EXPANDED FLOW OF INFORMATION INTO THEIR CAPITALS. WEST GERMANY PARTICULARLY ADAMANT THAT PAPER SHOULD INDICATE NEED FOR GURANTEES TO NATIONAL COMPANIES LACKING ADEQUATE CRUDE OIL BASE. BOTH DELEGATIONS STATED THAT PREVAILING DIPLOMATIC CHANNELS AND COMPANY-GOVERNMENT RELATIONS HAVE PROVEN INADEQUATE TO KEEP THEIR GOVERNMENTS INFORMED OF NEGOTIATIONS AND SUGGESTED THAT INSERTION OF THEIR NATIONAL COMPANIES INTO CURRENT PRODUCTION COULD BE A REMEDY. GROUP COMPROMISED BY NOTING CONCERNS OF " SOME OECD MEMBERS" FOR NATIONAL COMPANIES, AND BY CHANGING CERTAIN REFERENCES TO " INTER-NATIONAL OIL COMPANIES" TO THE MORE INCLUSIVE " OIL COMPANIES".

4. CONCLUSION IN PARA 21 OF REPORT WHICH CALLS ATTENTION TO DANGER OF CONCLUDING BILATERAL DEALS BETWEEN CONSUMER AND PRODUCER GOVERNMENTS WAS AMENDED SLIGHTLY AFTER LENGTHY DISCUSSION OF WHAT CONSTITUTES UNDESIRABLE BILATERAL DEAL. JAPAN STATED THAT IT OPPOSES BILATERAL DEALS BETWEEN GOVERNMENTS WHICH INVOLVE PREFERENTIAL TREATMENT (SUCH AS THE ONE RECENTLY PROPOSED TO THE US BY SAUDI ARABIA) BUT CONSIDERS DEALS BY COMPANIES FOR THE PURCHASE OF CRUDE OR FOR PARTICIPATION IN A CONCESSION TO BE AN ENTIRELY DIFFERENT MATTER. UK STATED VIEW THAT BILATERAL DEALS NEED NOT BE RULED OUT COMPLETELY IF CONSUMER GOVERNMENTS COULD AGREE ON COMMON PRINCIPLES FOR CONLUding THEM; WHAT MUST BE AVOIDED ARE BILATERAL DEALS WHICH LEAD TO " LEAP FROGGING" PRICE INCREASES. ITALIAN DELEGATE LIMITED OFFICIAL USE

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SUGGESTED THAT ALMOST ALL BILATERAL DEALS ARE LIKELY TO LEAD TO " FROG- LEAPING".

5. COOPERATION AD HOC GROUP HAD BEEN ASKED TO PROVIDE HLG OF OIL COMMITTEE WITH LIST OF POSSIBLE ALTERNATIVES FOR COOPERATIVE ACTION AMONG OECD MEMBER COUNTRIES. OWING TO INTENSIVE BUT INCOMPLETE REVIEWS OF ENERGY POLICY CURRENTLY UNDERWAY IN VARIOUS MEMBER COUNTRIES, AND IN PARTICULAR TO ABSENCE OF ANTICIPATED US ENERGY MESSAGE, THIS SUBJECT WAS NOT DISCUSSED IN GREAT DEPTH AND OUTCOME STATED IN RATHER GENERAL TERMS.

6. MAJOR CONCERN EXPRESSED BY DELEGATES WAS NEED TO PREVENT A "FREE- FOR- ALL" FOR AVAILABLE OIL. DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY, AND PROBLEM OF MASSIVE OIL REVENUES ACCRUING TO OPEC ALSO RANKED HIGH. ALL WERE AGREED THAT VERY GREAT CARE MUST BE TAKEN TO AVOID AN ATMOSPHERE OF CONFRONTATION BETWEEN CONSUMER COUNTRIES AND OPEC.

7. IN DRAWING UP LIST OF AREAS FOR POSSIBLE COOPERATION AMONG OECD MEMBERS. GROUP ACCEPTED FRAMEWORK PROPOSED BY SECRETARIAT IN PAPER CIRCULATED AT MEETING. (PAPER BASED ON DISCUSSIONS WHICH HAD BEEN HELD AT VARIOUS TIMES IN OIL COMMITTEE AND ITS SUB- GROUPS, ON SUGGESTIONS PUT FORWARD IN NOTE FORM BY INDIVIDUAL DELEGATIONS, AND ON THE SECRETARIAT'S OWN THINKING.) AREAS FOR POSSIBLE COOPERATIVE ACTION DIVIDED INTO FOUR CATEGORIES: A. RELATIONS BETWEEN CONSUMING AND PRODUCING COUNTRIES; B. MEANS AT DISPOSAL OF OECD MEMBER GOVERNMENTS TO INFLUENCE THE OIL MARKET; C) INTERNAL MEASURES TO DEAL WITH OIL SUPPLY EMERGENCIES; AND D. MEASURES RELATED TO ALTERNATIVE SOURCES OF ENERGY.

8. UNDER A. GROUP DECIDED MAJOR POINT FOR CONSIDERATION SHOULD BE WHETHER IT WOULD BE POSSIBLE TO ESTABLISH COMMON GUIDELINES (LINES OF CONDUCT) FOR OIL COMPANIES ENGAGED IN PRICE/ SUPPLY DISCUSSIONS OR NEGOTIATIONS WITH PRODUCING COUNTRIES, WITH THE PRIME OBJECTIVE OF AVOIDING LEAP- FROGGING COMPETITION AND ENSURING ENHANCED PRODUCTION. ALSO UNDER THIS HEADING ARE POSSIBLE WAYS TO ENCOURAGE MUTUALLY BENEFICIAL EMPLOYMENT OF OPEC OIL REVENUES. LIMITED OFFICIAL USE

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9. UNDER B. MAJOR POINT IS CONSIDERATION OF WHETHER IT WOULD BE POSSIBLE TO PROMOTE CONCERTED ACTION BY MEMBER GOVERNMENTS IN THE USE OF THEIR FISCAL AND ECONOMIC POLICIES OR CONTROLS.

10. UNDER C. INTERNAL MEASURES FOR OIL SUPPLY EMERGENCIES, FOLLOWING PROPOSALS ARE LISTED FOR DISCUSSION: OECD EUROPEAN MEMBERS TO REACH 90 DAY MINIMUM STOCK LEVELS BY 1 JANUARY 1975; MINIMUM STOCK LEVELS TO BE INCREASED; MINIMUM STOCK LEVELS TO BE RECOMMENDED TO NON- EUROPEAN MEMBER COUNTRIES . ALSO INCLUDED ARE MEASURES FOR REDUCTION OR CONTROL OF THE CONSUMPTION OF OIL PRODUCTS AND A PROPOSAL TO ACCELERATE EFFORTS TO REACH AGREEMENT ON AN OECD- WIDE EMERGENCY APPORTIONMENT SCHEME.

11. MEASURES UNDER D, ALTERNATIVE SOURCES OF SUPPLY, DIVIDED INTO SHORT TERM AND LONGER TERM. POSSIBLE

SHORT- TERM MEASURES INCLUDE COOPERATION IN RESEARCH, AND
COORDINATION OF CERTAIN POLICIES E. G. ON PRICES; POSSIBLE
LONGER TERM MEASURES INCLUDE ANALYSIS OF ENERGY POTENTIALS
OUTSIDE THE MIDDLE EAST.

12. DESTINATION OF DOCUMENTS REVISED TEXT OF REF A WILL
BE TRANSMITTED TO OIL COMMITTEE AND ITS HLG AS AD HOC
ASSESSMENT GROUP ' S FORMAL REPORT. REVISED DRAFT ON
POSSIBLE AREAS FOR COOPERATIVE ACTION WILL BE SUBMITTED BY
SECRETARIAT TO HLG ONLY FOR USE AS INFORMAL WORKING PAPER.
HLG CURRENTLY SCHEDULED TO MEET ON MAY 8.

13. COMMENT DISCUSSION ON COOPERATION DID PRODUCE PAPER
WHICH COULD BE USEFUL GUIDE FOR HLG OF OIL COMMITTEE,
THOUGH IT REVEALED LITTLE THAT WAS NEW IN THINKING OF
AD HOC MEMBERS. IT IS WORTH NOTING THAT SEVERAL
DELEGATES WERE EXTREMELY SENSITIVE TO INCORPORATION IN
DOCUMENTS OF PROPOSALS OR ESTIMATES WHICH, IF LEAKED,
MIGHT OFFEND OPEC OR WHICH MIGHT BE USED BY OPEC IN
MANNER INCONSISTENT WITH ORIGINAL PURPOSE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PORTA00458
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: PORT AU PRINCE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730346/abqcdxlt.tel
Line Count: 186
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. PORT AU PRINCE A-22, 2/16/72 B. PORT AU PRINCE 0311, 3/11/72 C. PORT AU PRINCE 1042, 8/16/72
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 15 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Oct-2001 by elbezefj>; APPROVED <11 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TORTUGA CONCESSION IN JEOPARDY
TAGS: ETRD, EGEN, HA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005